

BILL # HB 2773

TITLE: AHCCCS; children's health insurance program

SPONSOR: Murphy

STATUS: As Introduced

PREPARED BY: Russell Frandsen

FISCAL ANALYSIS

Description

This bill extends the income eligibility limit from 133% to 200% of the Federal Poverty Level (FPL) for pregnancy-related services for eligible women in the Arizona Health Care Cost Containment System (AHCCCS). The program would be subject to legislative appropriation.

Estimated Impact

The bill is estimated to have an annual General Fund cost of \$3.0 million to \$4.0 million. The total cost, including federal matching funds, would be \$12.6 million to \$16.8 million. The actual cost will depend on a number of factors, including the participation rate. For purposes of this analysis, the participation rate is estimated to be 60% to 80%. The first year cost of the proposal may be less than the annual estimate, depending on the effective date of the legislation.

AHCCCS estimates the General Fund cost of the bill to be \$1.0 million to \$4.0 million based on a participation rate of 20% to 80%.

Analysis

Currently, pregnant women with incomes up to 133% FPL are eligible for general health and pregnancy-related services through AHCCCS and its SOBRA (Sixth Omnibus Budget Reconciliation Act) Program. Services include general health care, prenatal care, the cost of delivery, and following delivery, 24 months of family planning services. Women with incomes between 133% and 200% FPL are also currently eligible for these services if they are enrolled in the KidsCare Parents Program.

HB 2773 would provide prenatal care, the cost of delivery and some post-partum services (but not family planning and general health services) under the state's KidsCare Program to pregnant women with incomes between 133% to 200% FPL that are not eligible for KidsCare Parents because they have no children eligible for KidsCare. Currently, these women are not eligible for prenatal care covered by AHCCCS.

Increasing the income levels for this population to 200% FPL will increase the number of women eligible for services. The degree to which costs increase depends on the number of eligible women that utilize services. The participation rate of women in the SOBRA program that are currently eligible is 67%. This 67% current participation rate was used as the basis for the estimated participation range of 60% to 80%.

The number of uninsured women between 19 and 44 years of age is approximately 41,321. This estimate is based upon U.S. Census Current Population Survey (CPS) data from 2003 to 2006. In any one year, the Department of Health Services (DHS) estimates the percentage of women giving birth is 7.61%. This 7.61% rate results in an eligible pregnant population of approximately 3,145 women.

Applying the 60% to 80% participation rate to the 3,145 eligible population results in 1,887 to 2,516 new women receiving pregnancy-related services. The \$3.0 million to \$4.0 million General Fund cost estimates comes from the estimates of new services used by the 1,887 to 2,516 participants.

AHCCCS provided an estimate based on a participation range of 20% to 80%. Because actual participation rates of currently eligible women are towards the upper end of this range, the JLBC estimate assumes a greater utilization of services, and therefore, a larger General Fund cost.

Additionally, there is another group of women that would be eligible for services under this bill that were not included in the cost estimates. This group includes women that are currently participating in the KidsCare Parents Program. These participating women pay higher premiums and receive more services under the KidsCare Parents Program as compared to the services provided in this bill under the KidsCare Program. It is unclear if the lower premiums would be a sufficient incentive for pregnant women in the KidsCare Parent Program to switch to the limited service coverage under this bill. If a pregnant woman is enrolled under the KidsCare Parents Program, a family of 2 at 200% FPL (\$2,281 monthly) would pay 5% of its monthly income, or \$114 per month, in premium payments, to cover the health care costs of the entire family. For the purposes of this analysis, it is assumed that a pregnant woman under this legislation would be required to pay a \$25 premium (the cost for 1 child) payment in order to receive services for just the unborn child and \$35 in monthly premiums to pay for the health care costs of her child as well as the unborn child. While premiums would be lower, coverage would also be limited to pregnancy-related services. Given the uncertainty over the number, if any, that may transfer from KidsCare Parents to the KidsCare Program, the overall cost estimate does not take into account any members switching programs.

Local Impact

Insofar as the medical bills associated with this newly eligible population were previously uncompensated care for hospitals, this proposal would reduce those costs and increase revenue to hospitals.

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